

SENATE BILL NO. 28

INTRODUCED BY R. LAIBLE

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DEFINITION OF "NEW PROPOSALS" FOR BUDGETING PURPOSES; DEFINING AS A "NEW PROPOSAL" THE PLAN REQUIRED OF CERTAIN AGENCIES FOR REDUCING THE PROPOSED BASE BUDGET BY 5 PERCENT; EXCLUDING A REDUCTION IN THE STATE PAY PLAN FROM THE REQUIRED PLAN; PROVIDING THAT THE REQUIRED PLAN IS NOT CONSIDERED A RECOMMENDATION OR A PROPOSED DISBURSEMENT FOR BUDGETING PURPOSES; AND AMENDING SECTIONS 17-7-102, 17-7-111, 17-7-121, AND 17-7-123, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-102, MCA, is amended to read:

"17-7-102. Definitions. As used in this chapter, the following definitions apply:

(1) "Additional services" means different services or more of the same services.

(2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.

(3) "Approving authority" means:

(a) the governor or the governor's designated representative for executive branch agencies;

(b) the chief justice of the supreme court or the chief justice's designated representative for judicial branch agencies;

(c) the speaker for the house of representatives;

(d) the president for the senate;

(e) appropriate legislative committees or a designated representative for legislative branch agencies;

or

(f) the board of regents of higher education or its designated representative for the university system.

(4) "Base budget" means the resources for the operation of state government that are of an ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and state

special revenue funds may not exceed that level of funding authorized by the previous legislature.

(5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part 4.

(6) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made, that was clearly not within the contemplation of the legislature and the governor, and that affects one or more functions of a state agency and the agency's expenditure requirements for the performance of the function or functions.

(7) "Funds subject to appropriation" means those funds required to be paid out of the treasury as set forth in 17-8-101.

(8) "Necessary" means essential to the public welfare and of a nature that cannot wait until the next legislative session for legislative consideration.

(9) (a) "New proposals" means:

(i) requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding; or

(ii) the plan to reduce the proposed base budget for the general appropriations act as required by 17-7-111(3)(f).

(b) For purposes of establishing the present law base, the distinction between new proposals and the adjustments to the base budget to develop the present law base is to be determined by the existence of constitutional or statutory requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those requirements is considered a new proposal under subsection (9)(a)(i).

(10) "Present law base" means that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

(a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;

(b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

(c) inflationary or deflationary adjustments; and

(d) elimination of nonrecurring appropriations.

(11) "Program" means a principal organizational or budgetary unit within an agency.

(12) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

(13) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and Helena; Montana state

1 university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment station, with
2 central offices at Bozeman; the forest and conservation experiment station, with central offices at Missoula; the
3 cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central
4 offices at Butte; the fire services training school at Great Falls; and the community colleges at Miles City,
5 Glendive, and Kalispell."

6
7 **Section 2.** Section 17-7-111, MCA, is amended to read:

8 **"17-7-111. Preparation of state budget -- agency program budgets -- form distribution and**
9 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the state
10 need information that is consistent and accurate. Necessary information includes detailed disbursements by fund
11 type for each agency and program for the appropriate time period, recommendations for creating a balanced
12 budget, and recommended disbursements and estimated receipts by fund type and fund category. For the
13 purposes of this section, a new proposal, as defined in 17-7-102(9)(a)(ii), is not considered a recommendation.

14 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst shall
15 by agreement:

16 (i) establish necessary standards, formats, and other matters necessary to share information between
17 the agencies and to ensure that information is consistent and accurate for the preparation of the state's budget;
18 and

19 (ii) provide for the collection and provision of budgetary and financial information that is in addition to
20 or different from the information otherwise required to be provided pursuant to this section.

21 (2) In the preparation of a state budget, the budget director shall, not later than the date specified in
22 17-7-112(1), distribute to all agencies the proper forms and instructions necessary for the preparation of budget
23 estimates by the budget director. These forms must be prescribed by the budget director to procure the
24 information required by subsection (3). The forms must be submitted to the budget director by the date provided
25 in 17-7-112(2)(a) or the agency's budget is subject to preparation based upon estimates as provided in
26 17-7-112(5). The budget director may refuse to accept forms that do not comply with the provisions of this
27 section or the instructions given for completing the forms.

28 (3) The agency budget request must set forth a balanced financial plan for the agency completing the
29 forms for each fiscal year of the ensuing biennium. The plan must consist of:

30 (a) a consolidated agency budget summary of funds subject to appropriation or enterprise funds that

1 transfer profits to the general fund or to an account subject to appropriation for the current base budget
2 expenditures, including statutory appropriations, and for each present law adjustment and new proposal request
3 setting forth the aggregate figures of the full-time equivalent personnel positions (FTE) and the budget, showing
4 a balance between the total proposed disbursements and the total anticipated receipts, together with the other
5 means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding
6 figures for the last-completed fiscal year and the fiscal year in progress;

7 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each fund for the
8 current biennium and estimated for the subsequent biennium;

9 (c) a statement of the agency mission and a statement of goals and objectives for each program of the
10 agency. The goals and objectives must include, in a concise form, sufficient specific information and quantifiable
11 information to enable the legislature to formulate an appropriations policy regarding the agency and its programs
12 and to allow a determination, at some future date, on whether the agency has succeeded in attaining its goals
13 and objectives.

14 (d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated FTE
15 and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by program;

16 (e) actual disbursements for the completed fiscal year of the current biennium, estimated disbursements
17 for the current fiscal year, and the agency's recommendations for the ensuing biennium, by disbursement
18 category;

19 (f) for only agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general
20 appropriations act and the proposed state pay plan to 95% of the current base budget or lower if directed by the
21 budget director. Each agency plan must include base budget reductions that reflect the required percentage
22 reduction by fund type for the general fund and state special revenue fund types. Exempt from the calculations
23 of the 5% target amounts are legislative audit costs, administratively attached entities that hire their own staff
24 under 2-15-121, and state special revenue accounts that do not transfer their investment earnings or fund
25 balances to the general fund. The plan must include:

26 (i) a prioritized list of services that would be eliminated or reduced;

27 (ii) for each service included in the prioritized list, the savings that would result from the elimination or
28 reduction; and

29 (iii) the consequences or impacts of the proposed elimination or reduction of each service.

30 (g) a reference for each new information technology proposal stating whether the new proposal is

1 included in the approved agency information technology plan as required in 2-17-523; and

2 (h) other information the budget director feels is necessary for the preparation of a budget.

3 (4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance with
4 17-7-112:

5 (a) detailed recommendations for the state long-range building program. Each recommendation must
6 be presented by institution, agency, or branch, by funding source, with a description of each proposed project.

7 (b) a statewide summary of recommendations for information technology projects and new initiatives.
8 Each recommendation must be presented by institution, agency, or branch and by funding source, and
9 recommendations for major new information technology projects must contain the information identified in
10 2-17-526.

11 (c) the proposed pay plan schedule for all executive branch employees at the program level by fund,
12 with the specific cost and funding recommendations for each agency. Submission of a pay plan schedule under
13 this subsection is not an unfair labor practice under 39-31-401.

14 (d) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2, part
15 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation and
16 development grants program under Title 90, chapter 2, part 11, and the treasure state endowment program
17 under Title 90, chapter 6, part 7.

18 (5) The board of regents shall submit, with its budget request for each university unit in accordance with
19 17-7-112, a report on the university system bonded indebtedness and related finances as provided in this
20 subsection (5). The report must include the following information for each year of the biennium, contrasted with
21 the same information for the last-completed fiscal year and the fiscal year in progress:

22 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

23 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each
24 outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum legal
25 funding requirements for each bond indenture; and

26 (c) a schedule showing the total funds available from each bond indenture and its associated accounts,
27 with a list of commitments and planned expenditures from such accounts, itemized by revenue source and
28 project for each year of the current and ensuing bienniums.

29 (6) The budget director may not obtain copies of individual income tax records protected under
30 15-30-303. The department of revenue shall make individual income tax data available by removing names,

addresses, occupations, social security numbers, and taxpayer identification numbers. The department of revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure as are individual income tax returns."

Section 3. Section 17-7-121, MCA, is amended to read:

"17-7-121. Preliminary budget preparation and submission to governor and governor-elect. (1)

Upon receipt of the completed forms and other available data and information, the budget director shall examine the same for the purpose of determining the necessity of the disbursements and funds requested and shall, on or before the date established in 17-7-112, submit in writing to the governor and to the governor-elect, if there is one, a preliminary budget for the ensuing biennium containing the detailed information required to be set forth in the budget to be submitted by the governor to the legislature.

(2) If requested by the governor-elect, the governor shall incorporate in the budget, as a separate section, the estimates, comments, and recommendations that the governor-elect may wish to make, and by the date established in 17-7-112, this section of the budget must be transmitted to the legislature and the legislative fiscal analyst without change. It is the duty of the governor-elect in recommending changes to show a balance between proposed disbursements and anticipated receipts. Unless specifically recommended for adoption, new proposals, as defined in 17-7-102(9)(a)(ii), are excluded from proposed disbursements."

Section 4. Section 17-7-123, MCA, is amended to read:

"17-7-123. Form of executive budget. (1) The budget submitted to the legislative fiscal analyst pursuant to 17-7-122 must set forth a balanced financial plan for funds subject to appropriation and enterprise funds that transfer profits to the general fund or to accounts subject to appropriation for each accounting entity and for the state government for each fiscal year of the ensuing biennium. The base level plan must consist of:

(a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that shows a balance between the total proposed disbursements and the total anticipated receipts, together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the last-completed fiscal year and the fiscal year in progress. The consolidated budget summary must be supported by explanatory schedules or statements.

(b) budget and full-time equivalent personnel position comparisons by agency, program, and appropriated funds for the current and subsequent biennium;

1 (c) the departmental mission and a statement of goals and objectives for the department;

2 (d) base budget disbursements for the completed fiscal year of the current biennium, estimated
3 comparable disbursements for the current fiscal year, and the proposed present law base budget plus new
4 proposals, ~~if any~~ including the plan to reduce the proposed base budget for the general appropriations act as
5 required by 17-7-111(3)(f), for each department and each program of the department;

6 (e) a statement containing recommendations of the governor for the ensuing biennium by program and
7 disbursement category, including:

8 (i) explanations of appropriation and revenue measures included in the budget that involve policy
9 changes;

10 (ii) matters not included as a part of the budget bill but included as a part of the executive budget, such
11 as the state employee pay plan, programs funded through separate appropriations measures, and other matters
12 considered necessary for comprehensive public and legislative consideration of the state budget; and

13 (iii) a summary of budget requests that include proposed expenditures on information technology
14 resources. The summary must include funding, program references, and a decision package reference;

15 (f) a report on:

16 (i) enterprise funds not subject to the requirements of subsections (1)(a) through (1)(e), including
17 retained earnings and contributed capital, projected operations and charges, and projected fund balances; and

18 (ii) fees and charges in the internal service fund type, including changes in the level of fees and charges,
19 projected use of the fees and charges, and projected fund balances. Fees and charges in the internal service
20 fund type must be approved by the legislature in the general appropriations act. Fees and charges in a biennium
21 may not exceed the level approved by the legislature in the general appropriations act effective for that
22 biennium.

23 (g) any other financial or budgetary material agreed to by the budget director and the legislative fiscal
24 analyst.

25 (2) The statement of departmental goals and objectives and the schedule for each fund required in
26 17-7-111(3)(b) of the executive budget are not required to be printed but must be available in the office of budget
27 and program planning and on the internet."

28 - END -